

Auditing Procedures Report

Instructions and MuniCodes

=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name	INDIANFIELDS TOWNSHIP	County	TUSCOLA	Type	TOWNSHIP	MuniCode	79-1-130
Opinion Date-Use Calendar	Sep 5, 2008	Audit Submitted-Use Calendar	Sep 19, 2008	Fiscal Year End Month	03	Fiscal Year	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/>	<input type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	<input type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/>	<input type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	13. Is the audit opinion unqualified?
		14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/>	<input type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	18. Are there reported deficiencies?
	<input checked="" type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/>	\$ 620,409.00
General Fund Expenditure:	<input type="checkbox"/>	\$ 498,248.00
Major Fund Deficit Amount:		\$ 0.00

General Fund Balance:	<input type="checkbox"/>	\$ 306,075.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/>	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)	GARY	Last Name	ANDERSON	Ten Digit License Number	1101005446
CPA Street Address	715 E FRANK ST	City	CARO	State MI	Zip Code 48723
CPA Firm Name	ANDERSON, TUCKEY, BERN	Unit's Street Address	715 E FRANK ST	Unit's City	CARO
				Unit's Zip	48723

**TOWNSHIP OF INDIANFIELDS,
TUSCOLA COUNTY
Caro, Michigan**

**REPORT ON FINANCIAL STATEMENTS
(with additional information)
Year Ended March 31, 2008**

Township of Indianfields, Tuscola County

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ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

September 5, 2008

INDEPENDENT AUDITOR'S REPORT

Township of Indianfields
Tuscola County
Caro, Michigan 48723

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Indianfields as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements required by accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Township of Indianfields management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Indianfields as of March 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model as required by the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments as of June 30, 2003.

The management's discussion and analysis budgetary comparison information on pages i through vi and 25 through 31 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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Township of Indianfields
September 5, 2008

Our audit conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Indianfield's basic financial statements. The additional financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of Indianfields Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Anderson, Tuckey, Bernhardt & Doran, P.C.

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Township of Indianfields

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

As management of the Township of Indianfields, we offer readers of the Township of Indianfields' financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management Discussion and Analysis (MD&A) – for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the district has elected to exclude the comparative information. Comparative information will be presented next year.

FINANCIAL HIGHLIGHTS

- The Township's governmental activities assets exceed its liabilities at the close of the most recent fiscal year by \$1,306,772 (net assets). Of this amount, \$435,046 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Township's business-type activities assets exceeded its liabilities at the close of the most recent fiscal year by \$262,767. Of this amount \$334,751 (unrestricted net assets) may be used to meet the government's ongoing obligations.
- The Township's governmental activities total net assets increased by \$76,769.
- The Township's business-type activities total net assets decreased by \$1,000,974.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$802,712 an increase of 98,244 in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$306,075 or 61 percent of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

Township of Indianfields

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, community and economic development, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is elsewhere in this report.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund in the required supplementary information and for the special revenue funds in the additional information to demonstrate compliance with budgets.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

Business-Type Activities. The Township's business-type activities consist of the Sewer Fund. The Sewer Fund is used to account for sewer services provided to residents of the Township.

The propriety fund financial statements can be found on pages 6-9 of this report.

Township of Indianfields

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Permanent Funds. Permanent funds are used to accumulate funds for a specific purpose. The Township's permanent fund is the Perpetual Care Fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 12 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide financial statements. The notes to the financial statements can be found on pages 13 through 24 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and special revenue budget. Required supplementary information can be found on pages 25 through 31 of this report.

Government-wide Financial analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$1,569,539 at the close of the most recent fiscal year.

A portion of the Township's net assets \$427,076 reflects its investment in capital assets (e.g., land, building, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The Township's investment in its capital assets is reported net of related debt.

Township of Indianfields

Management's Discussion and Analysis

For Fiscal Year Ended March 31, 2008

Township of Indianfields' Net Assets

	Governmental Activities	Business-Type Activities	Total
	March 31, 2008	March 31, 2008	March 31, 2008
Current and other assets	\$ 886,266	\$ 376,047	\$ 1,262,313
Capital assets	499,060	8,656	507,716
Total assets	\$ 1,385,326	\$ 384,703	\$ 1,770,029
Current liabilities	\$ 78,554	\$ 57,676	\$ 136,230
Noncurrent portion of long-term debt	-	64,260	64,260
Total liabilities	78,554	121,936	200,490
Net assets:			
Invested in capital assets	499,060	(71,984)	427,076
Restricted for a specific purpose	372,666	-	372,666
Unrestricted	435,046	334,751	769,797
Total net assets	1,306,772	262,767	1,569,539
Total liabilities and net assets	\$ 1,385,326	\$ 384,703	\$ 1,770,029

An additional portion of the Township's net assets \$372,666 represents resources that are subject to permanent restrictions on how they may be used. The remaining balance of unrestricted net assets \$769,797 may be used to meet the government's ongoing obligations to citizens and creditors.

At end of the current fiscal year, the Township is able to report positive balances.

The government's net assets decreased by \$924,205 during the current fiscal year. The majority of this decrease represents the transfer of Sewer Fund assets to the Village of Caro.

Township of Indianfields
Management's Discussion and Analysis
For Fiscal Year Ended March 31, 2008

Township of Indianfields' Changes in Net Assets

	Governmental Activities March 31, 2008	Business-Type Activities March 31, 2008	Total March 31, 2008
Revenues			
Program revenues			
Charges for services	\$ 63,012	\$ 11,961	\$ 74,973
General revenues			
Property taxes			
Levied for general purposes	386,371	-	386,371
State sources	211,995	-	211,995
Investment earnings	23,783	13,967	37,750
Other	12,651	-	12,651
Total revenues	697,812	25,928	723,740
Expenses			
Legislative	38,000	-	38,000
General government	277,729	-	277,729
Public safety	39,205	-	39,205
Public works	180,780	-	180,780
Cultural and recreational	45,141	-	45,141
Unallocated depreciation	40,188	-	40,188
Other functions	-	11,868	11,868
Total expenses	621,043	11,868	632,911
Increase in net assets	76,769	14,060	90,829
Net assets, beginning of year	1,230,003	1,263,741	2,493,744
Transfer to Village of Caro	-	(178,753)	(178,753)
Decrease in contributed capital	-	(836,281)	(836,281)
Net assets, end of year	\$ 1,306,772	\$ 262,767	\$ 1,569,539

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

General Fund Budgetary Highlights

The final budget was unchanged from the original budget.

Township of Indianfields
Management's Discussion and Analysis
For Fiscal Year Ended March 31, 2008

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business type activities as of March 31, 2008, amounts to \$507,716 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery, and equipment, and office equipment and furniture.

Major capital asset events during the current fiscal year included the following:

	<u>Governmental activities</u> <u>March 31, 2008</u>	<u>Business-Type activities</u> <u>March 31, 2008</u>
Vehicles	\$ 7,500	
Building and improvements	415,771	
Machinery and equipment	53,757	
Office equipment and furniture	22,032	
Loan closing cost		\$ 7,988
Bond Discount		668
	<u>\$ 499,060</u>	<u>\$ 8,656</u>

Additional information on the Township's capital assets can be found in Note 4 on page 19 of this report.

Economic Factors and Next Year's Budgets and Rates

Township of Indianfields goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public.

The Township has made conservative estimates concerning state revenue sharing for fiscal year 2009 due to the budget constraints at the State level.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Township's Office at 116 Joy Street, Caro, Michigan, 48723.

Basic Financial Statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
STATEMENT OF NET ASSETS
MARCH 31, 2008

ASSETS	Governmental Activities	Business-Type Activities	Total
CURRENT ASSETS			
Cash	\$ 348,854	\$ 203,192	\$ 552,046
Certificates of deposit	51,503	50,000	101,503
Special assessments - current	-	5,658	5,658
Special assessments - deferred	-	35,638	35,638
Taxes receivable	13,851		13,851
Due from other funds	91,818	344	92,162
Restricted assets:			
Cash		81,215	81,215
Certificates of Deposit	379,040		379,040
Investments	1,200		1,200
TOTAL CURRENT ASSETS	886,266	376,047	1,262,313
CAPITAL ASSETS			
Fixed assets, net of accumulated depreciation	499,060	8,656	507,716
TOTAL CAPITAL ASSETS	499,060	8,656	507,716
TOTAL ASSETS	\$ 1,385,326	\$ 384,703	\$ 1,770,029
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities			
Revenue bonds payable - current	-	\$ 16,380	\$ 16,380
Deferred revenues	\$ 78,554	41,296	119,850
Total current liabilities	78,554	57,676	136,230
Long-term liabilities			
Long-term debt	-	64,260	64,260
TOTAL LIABILITIES	78,554	121,936	200,490
NET ASSETS			
Invested in capital assets, net of related debt	499,060	(71,984)	427,076
Restricted for a specific purpose	372,666	-	372,666
Unrestricted	435,046	334,751	769,797
TOTAL NET ASSETS	1,306,772	262,767	1,569,539
TOTAL LIABILITIES AND NET ASSETS	\$ 1,385,326	\$ 384,703	\$ 1,770,029

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
STATEMENT OF ACTIVITIES
March 31, 2008

Functions/programs	Program revenues		Net (Expenses) Revenues		
	Expenses	Charges for services	Capital Contributions	Primary Government	
				Governmental Activities	Business-Type Activities
Primary government					
Governmental activities					
Legislative	\$ 38,000	-		\$ (38,000)	- \$ (38,000)
General government	277,729	-		(277,729)	- (277,729)
Public safety	39,205	-		(39,205)	- (39,205)
Public works	180,780	-		(180,780)	- (180,780)
Recreation and culture	45,141	-		(45,141)	- (45,141)
Other functions	-				
Unallocated depreciation	40,188	\$ 63,012		22,824	- 22,824
Total governmental activities	621,043	63,012	-	(558,031)	- (558,031)
Business-type activities:					
Sewer	190,621	11,961	\$ (836,281)		\$ (1,014,941) (1,014,941)
Total primary government	\$811,664	\$ 74,973	\$ (836,281)	\$ (558,031)	\$ (1,014,941) \$ (1,572,972)
General revenues					
Taxes				\$ 386,371	\$ 386,371
Intergovernmental				211,995	211,995
Interest & rents				23,783	\$ 13,967 37,750
Miscellaneous				12,651	12,651
Total general revenues				634,800	13,967 648,767
Changes in net assets				76,769	(1,000,974) (924,205)
Net assets, beginning of year				1,230,003	1,263,741 2,493,744
Net assets, end of year				\$ 1,306,772	\$ 262,767 \$ 1,569,539

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS
ALL FUND TYPES & ACCOUNTS GROUPS
March 31, 2008

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)	
	CAPITAL		SPECIAL REVENUE	MAJOR PERMANENT FUND	REPORTING ENTITY	
	GENERAL	PROJECTS	(CEMETERY)	(PERPETUAL CARE FUND)	2008	2007
<u>ASSETS</u>						
Cash on hand & in bank	\$ 328,111	\$ 37,113	\$ (16,370)		\$ 348,854	\$ 344,272
Certificates of deposit		51,503			51,503	-
Special assessments - current					-	-
Special assessments - deferred					-	-
Taxes receivable	8,851				8,851	9,942
Due from other funds	91,818		102,537		194,355	162,786
Due from Village of Caro					-	-
Fixed assets					-	-
Restricted Assets:					-	-
Certificates of deposit				379,040	379,040	349,403
Investments				1,200	1,200	1,200
Due from other funds				94,963	94,963	83,263
TOTAL ASSETS	<u>\$ 428,780</u>	<u>\$ 88,616</u>	<u>\$ 86,167</u>	<u>476,203</u>	<u>\$ 1,078,766</u>	<u>\$ 950,866</u>
<u>LIABILITIES AND FUND EQUITY</u>						
Accounts payable	\$ -				\$ -	\$ -
Due to other funds	44,151		\$ 50,812		94,963	83,263
Due to other Governmental units					-	-
Due to cemetery fund				102,537	102,537	86,375
Revenue bonds payable - current					-	-
Revenue bonds payable - long-term					-	-
Deferred revenues	78,554				78,554	76,760
TOTAL LIABILITIES	<u>122,705</u>		<u>50,812</u>	<u>102,537</u>	<u>276,054</u>	<u>246,398</u>
FUND EQUITY:						
Contributed capital					-	-
Contributions from customers					-	-
Reserved for specific purpose				372,666	372,666	347,491
Undesignated	306,075	\$ 88,616	35,355		430,046	356,977
TOTAL FUND EQUITY	<u>306,075</u>	<u>88,616</u>	<u>35,355</u>	<u>372,666</u>	<u>802,712</u>	<u>704,468</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 428,780</u>	<u>\$ 88,616</u>	<u>\$ 86,167</u>	<u>\$ 476,203</u>	<u>\$ 1,078,766</u>	<u>\$ 950,866</u>
Total governmental fund balances				\$ 802,712		
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds						
Cost of the capital assets			1,229,009			
Less accumulated depreciation			(729,949)	499,060		
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds						
Delinquent personal property taxes receivable, less allowance for doubtful accounts				5,000		
Net assets of governmental activities				<u>\$ 1,306,772</u>		

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUND TYPES
YEAR ENDED MARCH 31, 2008

	GOVERNMENTAL FUND TYPES				TOTALS (MEMORANDUM ONLY)	
	GENERAL	CEMETERY FUND	CAPITAL PROJECTS	Perpetual Care Fund	REPORTING ENTITY	
					2008	2007
REVENUES:						
Taxes	\$381,371				\$381,371	\$360,661
Intergovernmental revenue	211,995				211,995	209,575
Charges for services	12,893	\$ 50,119			63,012	58,039
Interest and rents	5,453		\$ 2,168	\$ 16,162	23,783	22,054
Miscellaneous revenues	8,697	3,954	-		12,651	13,304
TOTAL REVENUES	<u>620,409</u>	<u>54,073</u>	<u>2,168</u>	<u>16,162</u>	<u>692,812</u>	<u>663,633</u>
EXPENDITURES:						
Legislative	38,000				38,000	43,337
General government	195,122	96,320	-		291,442	292,145
Public safety	39,205				39,205	27,300
Public works	180,780				180,780	183,219
Recreation & cultural	45,141				45,141	46,032
TOTAL EXPENDITURES	<u>498,248</u>	<u>96,320</u>	<u>-</u>	<u>-</u>	<u>594,588</u>	<u>592,033</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>122,161</u>	<u>(42,247)</u>	<u>2,168</u>	<u>16,162</u>	<u>98,244</u>	<u>71,600</u>
OTHER FINANCING SOURCES (USES):						
Operating Transfers	-	(9,013)	-	9,013	-	-
Loan Proceeds - net of payments	-				-	-
TOTAL OTHER FINANCING SOURCES (USES):	<u>-</u>	<u>(9,013)</u>	<u>-</u>	<u>9,013</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USED)	<u>122,161</u>	<u>(51,260)</u>	<u>2,168</u>	<u>25,175</u>	<u>98,244</u>	<u>71,600</u>
FUND BALANCE - BEGINNING OF YEAR	<u>183,914</u>	<u>86,615</u>	<u>86,448</u>	<u>347,491</u>	<u>704,468</u>	<u>632,868</u>
FUND BALANCE - END OF YEAR	<u>\$306,075</u>	<u>\$ 35,355</u>	<u>\$ 88,616</u>	<u>\$ 372,666</u>	<u>\$802,712</u>	<u>\$704,468</u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 98,244
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(40,188)
Capital outlay	13,713
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Accrued revenue beginning of the year - primarily delinquent personal property tax	-
Accrued revenue end of the year - primarily delinquent personal property tax	<u>5,000</u>
Change in net assets of governmental activities	<u>\$ 76,769</u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
STATEMENT OF NET ASSETS - PROPRIETARY FUND
March 31, 2008

	<u>PROPRIETARY FUND TYPE</u>
	<u>ENTERPRISE (SEWER)</u>
<u>ASSETS</u>	
Cash on hand & in bank	\$ 203,192
Special assessments - current	5,658
Special assessments - deferred	35,638
Taxes receivable	
Due from other funds	344
Fixed assets	8,656
Restricted Assets:	
Replacement & Reserve accounts	81,215
Certificates of deposit	<u>50,000</u>
TOTAL ASSETS	<u>\$ 384,703</u>
<u>LIABILITIES AND FUND EQUITY</u>	
Revenue bonds payable - current	\$ 16,380
Revenue bonds payable - long-term	64,260
Deferred revenues	<u>41,296</u>
TOTAL LIABILITIES	<u>121,936</u>
FUND EQUITY:	
Investment in general fixed assets, net of related debt	(71,984)
Reserved for specific purpose	
Undesignated	<u>334,751</u>
TOTAL FUND EQUITY	<u>262,767</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 384,703</u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
YEAR ENDED MARCH 31, 2008

	<u>PROPRIETARY FUND</u>
	<u>SEWER FUND</u>
OPERATING REVENUE:	
Charges for services	\$ 6,035
Special assessments	<u>5,926</u>
TOTAL OPERATING REVENUE	11,961
OPERATING AND MAINTENANCE EXPENSE	<u>11,868</u>
OPERATING INCOME (LOSS)	93
NON-OPERATING REVENUE:	
Interest earned	<u>13,967</u>
INCOME (LOSS) BEFORE OTHER FINANCING SOURCES (USES) AND CONTRIBUTIONS	14,060
OTHER FINANCING SOURCES (USES):	
Operating transfers - In	-
Operating transfers - Out	-
Transfers to other governmental units	<u>(178,753)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(164,693)
DECREASE IN CONTRIBUTED CAPITAL	(836,281)
CHANGES IN NET ASSETS	(1,000,974)
NET ASSETS BEGINNING OF THE YEAR	<u>1,263,741</u>
NET ASSETS END OF THE YEAR	<u><u>\$ 262,767</u></u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED MARCH 31, 2008

	<u>SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 13,457
Cash paid to suppliers	
Interest received	13,967
Interest paid	<u>(3,287)</u>
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	<u>24,137</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:	
Construction in progress	<u>-</u>
NET CASH PROVIDED (USED IN) BY INVESTING ACTIVITIES	<u>-</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase (decrease) in bond payable	(17,010)
Increase (decrease) in transfers	
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	<u>(17,010)</u>
INCREASE (DECREASE) IN CASH	7,127
CASH AT BEGINNING OF THE YEAR	<u>327,280</u>
CASH AT END OF YEAR	<u><u>\$ 334,407</u></u>

The accompanying notes are an integral part of the financial statements

**RECONCILIATION OF NET INCOME TO NET CASH FLOWS
PROVIDED BY (USED) IN OPERATING ACTIVITIES**

	<u>SEWER FUND</u>
NET INCOME	<u>\$ 14,060</u>
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:	
Amortization and depreciation	8,581
(Increase) Decrease:	
Due from village	6,000
Special assess. & sewer connection receivable	5,926
Due from other funds	116
Taxes receivable	-
Bond discount	-
Increase (Decrease):	
Accounts payable	(4,621)
Deferred revenue	(5,925)
Due to other funds	<u>-</u>
Total adjustments	<u>10,077</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 24,137</u></u>

Disclosure of Accounting Policy: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks and balances of certificates of deposit.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
STATEMENT OF CASH FLOWS
PERPETUAL CARE FUND
YEAR ENDED MARCH 31, 2008

	<u>PERPETUAL CARE FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 29,637
Interest received	
Interest paid	
NET CASH PROVIDED (USED IN) BY OPERATING ACTIVITIES	<u>29,637</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Increase (decrease) in bond payable	
Increase (decrease) in transfers	
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	<u>-</u>
INCREASE (DECREASE) IN CASH	29,637
CASH AT BEGINNING OF THE YEAR	<u>350,603</u>
CASH AT END OF YEAR	<u>\$ 380,240</u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
PERPETUAL CARE FUND
RECONCILIATION OF NET INCOME TO NET CASH FLOWS
PROVIDED BY (USED) IN OPERATING ACTIVITIES
YEAR ENDED MARCH 31, 2008

	<u>PERPETUAL CARE FUND</u>
NET INCOME	<u>\$ 25,175</u>
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH:	
(Increase) Decrease:	
Due from other funds	(11,700)
Bond discount	
Increase (Decrease):	
Accounts payable	
Due to other funds	<u>16,162</u>
Total adjustments	<u>4,462</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 29,637</u></u>

Disclosure of Accounting Policy: For purposes of reporting cash flows, cash and cash equivalents includes cash on hand, demand deposits in banks and balances of certificates of deposit.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
March 31, 2008

	<u>AGENCY FUND</u>
	<u>CURRENT TAX COLLECTION FUND</u>
 <u>ASSETS</u>	
CURRENT ASSETS:	
Cash	\$ 57,089
Taxes receivable	<u>573,438</u>
 TOTAL CURRENT ASSETS	 <u>630,527</u>
 TOTAL ASSETS	 <u>\$ 630,527</u>
 <u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Due to general fund	\$ 75,076
Due to library	31,648
Due to county	103,349
Due to schools	360,840
Due to sewer fund	344
Due to refuse fund	16,742
Due to State of Michigan	21,564
Due to Caro Transit Authority	<u>21,184</u>
 TOTAL LIABILITIES	 <u>\$ 630,527</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Township of Indianfields, Michigan was organized in 1852 and covers an area of approximately 36 square miles within Tuscola County. The Township operates under an elected Board of Trustees (5 members) and provides services to its more than 7,000 residents in many areas including law enforcement, administration of justice, community enrichment and development and human services.

The financial statements of the Township of Indianfields have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. ADOPTION OF NEW ACCOUNTING STANDARDS:

During the fiscal period 2003, the Township adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issue June 1999; GASB Statement 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus, an amendment to GASB Statement No 21 and No. 34, issued June 2001, and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. These statements require the Township to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The following table shows beginning net assets related for the effects of implementation of GASB Statement No. 34:

Fund balance at March 31, 2007 – governmental funds	\$ 704,468
Net capital assets (restated)	<u>525,535</u>
Restated net assets – April 1, 2007	<u><u>\$1,230,003</u></u>

B. REPORTING ENTITY:

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Indianfields, Tuscola County include the accounts of all Township operations. The Township's major operations include planning and zoning, road maintenance, street lighting, cemetery, paramedic services, cultural and recreational services and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current periods. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued):

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The Cemetery Fund is utilized to account for cemetery revenues and expenditures used to take care of the Township's cemetery.

The Perpetual Care Fund is utilized to accumulate savings used to maintain the cemetery fund.

The government reports the following non-major fund is a major fund since there are no other non-major funds:

The Capital Projects Fund is utilized to account for money that is set aside for future capital projects.

The government reports the following proprietary funds:

The Sewer Fund is utilized to account for the sewer system revenues and expenditures necessary to provide residents with a sewer system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resources, as they are needed.

E. ASSETS, LIABILITIES AND NET ASSETS:

1. Cash and Investments

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 50% of any fund at any time.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. ASSETS, LIABILITIES AND NET ASSETS, (Continued):

1. Cash and Investments (Continued)

The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

3. Receivables

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

4. Restricted Assets

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and Michigan law.

5. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Fixed assets purchased within the proprietary funds and the non-expendable trust fund are reported as assets within those funds and accordingly, are included on their balance sheet.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. Primarily because of this policy, total expenditures for capital improvements in the governmental funds do not equal total additions to the general fixed asset account group.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed over the estimated useful lives using the straight-line method.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

E. ASSETS, LIABILITIES AND NET ASSETS, (Continued):

6. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use within the Township. In order to more accurately reflect the equity remaining in these contributions, the contributions are being amortized over the useful life of the assets they aided in constructing or purchasing.

7. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

8. Deferred Revenue

The General Fund collects a special assessment levy for refuse collection. The levy covers a period from December 1 through November 30. That portion of the levy applicable to the period from April 1 through November 30 is recorded as deferred revenue.

The Sewer Fund assessed several parcels of property for the cost of sewer line construction and connections to be repaid over a period not to exceed fifteen years. The portion of the assessments not due within twelve months is recorded as deferred revenue.

9. Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 2 – LEGAL COMPLIANCE – BUDGETS:

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. Encumbrance accounting is employed in governmental funds. Significant encumbrances outstanding at year-end, if any, are reported as reservations of fund balances because they will be re-appropriated in the subsequent fiscal year.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. On or prior to March 31 of each year, a proposed budget is submitted to the Board of Trustees for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. Any revisions of the budget must be approved by the Board of Trustees.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations which were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

NOTE 3 - TUSCOLA COUNTY SANITARY SEWER SYSTEM:

On May 8, 1984 the Township entered into a contract with the Village of Caro and Almer Township for the acquisition, improvement, enlargement and extension of the local sanitary sewer system. The 20% local share of construction costs has been financed by the issuance of County Revenue Bonds. Indianfields Township's portion of the local share is \$333,000. The bonds were refinanced in 1992 and again in October 31, 2002.

During 2002, Tuscola County advance refunded its outstanding Tuscola County Sanitary Sewer System (Caro Area) Bonds, dated May 1, 1992. The County issued \$1,240,000 general obligation refunding bonds to provide resources to purchase U.S. Government securities that were placed in irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be deceased and the liability has been removed from the general long-term debt account group. This advance refunding was undertaken to reduce total debt service payments over the next ten years by \$222,866 and obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$65,140. The Township's share of this bond is 12.6%.

The Township expects to repay its share plus interest, as well as operate and maintain the system, by charging an initial connection fee and monthly fees to users of the system.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 3 - TUSCOLA COUNTY SANITARY SEWER SYSTEM, (Continued):

ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

(PRINCIPAL ONLY)
Year Ending March 31,

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$16,380	\$2,742	\$19,122
2010	16,380	2,235	18,615
2011	15,750	1,694	17,444
2012	15,120	1,159	16,279
2013	<u>17,010</u>	<u>629</u>	<u>17,639</u>
TOTAL	<u>\$80,640</u>	<u>\$ 8,459</u>	<u>\$ 89,099</u>

On November 22, 2006 Indianfields Township and the Village of Caro entered into an agreement to transfer full ownership, management, operations, control, and maintenance of the Treatment Plant and System to the Village of Caro at book value. The Village of Caro will enter into contracts with Tuscola County to construct improvements to the Treatment Plant at an estimated cost of \$7,700,000. In return, the Township has the right to use 8.3% of the capacity of the Treatment Plant and System. The Township will be responsible for its share of the outstanding 2002 bonds. The transfer of ownership and control is expected to be completed during the 2007-2008 fiscal year. Per the agreement, \$50,000 was deposited into a maintenance reserve fund for the System to be held by the Village. The Village will be responsible for billing and collecting from the Township customers. If the customer fails to pay within thirty days, the Township will become liable to the Village. The Township has agreed to install water meters on all sewer customers at the Townships' expense.

NOTE 4 - CHANGES IN CAPITAL ASSETS:

A summary of changes in capital assets follows:

	<u>BALANCE MARCH 31, 2007</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCE MARCH 31, 2008</u>
GOVERNMENTAL ACTIVITIES:				
Building & Improvements	\$1,023,596			\$1,023,596
Computer & Office Equipment	37,000	\$ 1,490		38,490
Machinery & Equipment	134,700	4,723		139,423
Vehicles	<u>20,000</u>	<u>7,500</u>	<u>-</u>	<u>27,500</u>
Total Cost	1,215,296	13,713	-	1,229,009
Accumulated Depreciation	<u>(689,761)</u>	<u>(40,188)</u>	<u>-</u>	<u>(729,949)</u>
NET BOOK VALUE	<u>\$ 525,535</u>	<u>\$(26,475)</u>	<u>\$ -</u>	<u>\$ 499,060</u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 5 - CASH AND INVESTMENTS:

Cash and investments are held separately by each of the Township's funds.

Interest rate risk. In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: avoiding the need to sell securities prior to maturity and investing operating funds primarily in short term securities, money market mutual funds or similar public investment pools. Securities shall not normally be sold prior to maturity except to minimize loss of principal; to improve the quality, yield or target duration in the portfolio, or to meet liquidity needs.

Credit Risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's).

Concentration of credit risk. The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk- deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. As of March 31, 2008, \$514,245 of the Township's bank balance of \$1,177,653 was exposed to custodial credit risk because it was uninsured and uncollateralized. The amount on the books is \$1,167,639.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counter-part's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counter party, or by its trust department or its agent but not in the Township's name. At March 31, 2008, the Township had no investments. Additional disclosures required by GASB 40 are not included in the accompanying financial statements.

The Township's cash, cash equivalents, investments and restricted assets at March 31, 2008 are composed of the following:

	<u>CASH AND CASH EQUIVALENTS</u>	<u>INVESTMENTS</u>	<u>RESTRICTED ASSETS</u>
General Fund:			
Deposits	\$328,111		
Other Funds:			
Perpetual Care Fund			\$380,240
Capital Projects Fund	88,616		
Sewer Fund	198,738		<u>131,215</u>
Cemetery Fund	<u>(16,370)</u>		
Subtotal	559,095		<u>511,455</u>
Current Tax Collection Fund	<u>57,089</u>		
TOTAL	<u>\$656,184</u>	<u>NONE</u>	<u>\$511,455</u>

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 6 - FIXED ASSETS:

Summaries of proprietary fund type fixed assets that are stated at cost as of March 31, 2008 are as follows:

	Balance March 31, 2007	Additions	Reductions	Balance March 31, 2008
Construction in Progress	\$ 36,933		\$ 36,933	\$ -
Sewer Lines	453,397		453,397	-
Building & equipment	1,061,241		1,061,241	-
Loan closing costs	8,757			8,757
Bond discount	907			907
	1,561,235	-	1,551,571	9,664
Less accumulated depreciation & amortization	528,964	8,581	536,537	1,008
TOTAL	\$ 1,032,271	\$ (8,581)	\$ 1,015,034	\$ 8,656

Depreciation is calculated using the straight-line method over a 50-year life. Depreciation and amortization expense for the year ended March 31, 2008 amounted to \$8,581.

NOTE 7 - DUE TO AND FROM OTHER FUNDS:

Due to and from other funds balances at March 31, 2008 are as follows:

<u>FUND</u>	<u>DUE FROM OTHER FUNDS</u>	<u>DUE TO OTHER FUNDS</u>
Governmental Fund Types:		
General Fund	\$ 91,818	\$ 44,151
Cemetery Fund	102,537	50,812
Enterprise Fund:		
Sewer fund	344	
Trust and agency:		
Current Tax Collection Fund		92,162
Perpetual Care Fund	94,963	102,537
TOTAL	<u>\$289,662</u>	<u>\$289,662</u>

NOTE 8 - PROPERTY TAX REVENUE:

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district, state education fund and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. The Township levied 2.6222 mills on a taxable value of \$137,356,138.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 9 - PENSION PLAN:

DEFINED BENEFIT PLAN:

On March 21, 1994, the Township of Indianfields elected to place all of its eligible employees into the Michigan Municipal Employees Retirement System (MERS) which is an agent multiple-employer public employee retirement system (PERS) that is administered by the state of Michigan. The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the state of Michigan. The Township has no fiduciary responsibility for the plan.

Only the Township's full-time employees and elected officials are eligible to participate in the plan. As of March 31, 2008, the Township had nine employees who were covered under the plan; six of them are current employees.

The plan provides for vesting of benefits after six years of credited service. Participants may elect normal retirement at age 60 with 10 or more years of service. The plan also provides for early retirement at age 55 with 15 or more years of service, and at age 50 with 25 or more years of service. Election of early retirement is subject to reduction of benefits as outlined below.

Participants of the plan are entitled to a retirement benefit equal to the credited service at the time of membership termination multiplied by 1.5% of the member's final average compensation (5-year average). The retirement allowance is reduced ½% of 1% for each complete month that retirement precedes the age at which full normal retirement benefits are available. The plan provides that the employer contribute amounts necessary to fund the actuarially determined benefits. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. The MERS' actuary uses the entry age normal actuarial cost method. Benefit provisions and contribution obligations have been established by the contract.

PENSION BENEFIT OBLIGATION:

The Pension Benefit Obligation (PBO) which is the actuarial present value of pension benefits, adjusted for the effect of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess, on a going-concern basis, the funding status of the PERS to which contributions are made, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The pension benefit obligation is determined as part of an actuarial valuation.

The significant actuarial assumptions that are expected to be used to compute the actuarial accrued liabilities are as follows: (1) the entry age normal actuarial cost method of valuation was used in determining age and service benefit liabilities and normal cost; (2) an 8% rate of return on investment of present and future assets was used based on estimated long-term yield considering a) the nature and mix of current and expected investments; and b) the basis used to value those assets; (3) projected salary increases are based on 4.5% raises for merit, seniority and inflation rate allowances. Benefits will not increase after retirement except that some participants will receive cost of living allowances. Unfunded accrued liabilities are amortized over 30 years for positive and 10 years for negative balances.

CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE:

COMPUTED EMPLOYER COMPARATIVE SCHEDULE

CALENDAR YEAR	CONTRIBUTION RATES AS PERCENT OF COVERED PAYROLL	COVERED PAYROLL	DOLLAR CONTRIBUTION FOR FISCAL YEAR	
			<u>COMPUTED</u>	<u>ACTUAL</u>
2007	19.01%	\$95,799	\$18,216	\$18,246
2006	16.71%	\$94,147	\$15,732	\$18,935
2005	16.78%	\$91,996	\$15,437	\$15,499

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 9 - PENSION PLAN, (Continued):

GASB 25 And GASB 27 Information

The following information has been prepared to provide the information necessary to comply with GASB Statements Number 25 and 27. Statement 25 is effective for fiscal years beginning after June 15, 1996 and Statement 27 is effective for fiscal years beginning after June 15, 1997.

All entries and the annual employer contribution amount were based on the actuarial methods and assumptions used in December 31, 2007 actuarial valuation. The entry age normal actuarial method was used to determine the disclosure entries.

GASB 25 Information (as of 12/31/2007)

Actuarial Accrued Liability	
Retirees and beneficiaries currently receiving benefits	\$151,888
Terminated employees (vested former members) not yet receiving benefits	43,202
Non-vested terminated employees (pending refunds of accumulated member contributions)	0
Current Employees-	
Accumulated employee contributions including allocated investment income	0
Employer financed	<u>89,345</u>
Total Actuarial Accrued Liability	\$284,435
Net Assets Available for Benefits at Actuarial Value	<u>57,251</u>
(Market Value is \$57,919)	
Unfunded (Overfunded) Actuarial Accrued Liability	\$227,184

GASB 27 Information (as of 12/31/2007)

Fiscal Year Beginning	April 1, 2009
Annual Required Contribution (ARC)	\$19,044*
Amortization Factor Used – Underfunded Liabilities (30 years)	0.055889

*Based on valuation payroll. For divisions that are open to new hires the actual required contribution will be based on current monthly payroll (during the fiscal year beginning April 1, 2009) times the computed employer contribution rate(s) shown in Tables 15 & 16. The ARC shown here is the sum of the ARC's calculated separately for each division.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2008

NOTE 10 - CONTRIBUTED CAPITAL:

Contributed capital currently exists only in the enterprise funds. This capital has been used along with other township resources to purchase or construct the water and sewer systems currently in use or still in construction within the Township. In order to more accurately reflect the equity remaining in these contributions, certain contributions are being amortized to retained earnings over 50 years. Amortization expense for the year totaled \$769.

NOTE 11 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. The Township did not have any losses in the three prior fiscal years.

NOTE 12- TRANSFERS:

The perpetual care fund transferred \$9,013 to the cemetery fund for operating purposes.

NOTE 13 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS:

P.A. 621 of 1978, section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2008 the township incurred expenditures in certain budgetary accounts, where the actual expenditures exceeded the appropriations as follows:

<u>LINE ITEMS</u>	<u>TOTAL APPROPRIATION</u>	<u>TOTAL EXPENDITURES</u>	<u>UNFAVORABLE BUDGET VARIANCE</u>
General Fund – Legislative	\$ 29,982	\$ 38,000	\$ 8,018
General Fund – General Government	\$182,633	\$195,122	\$12,489
General Fund – Recreation and Cultural	\$ 44,900	\$ 45,141	\$ 241

NOTE 14- VILLAGE OF CARO STATUS OF INCORPORATION PROCESS:

Part of Indianfields Township lies within the Village of Caro. The village is currently considering becoming a city. In regard to this issue the Township attorney states "The effort by Indianfields and Almer Townships to oppose the incorporation of the Village of Caro as a city was unsuccessful due to a referendum which endorsed incorporation. This represents a potential significant loss of a large percentage of the Township tax base where the incorporation is completed. This will not occur before 2009."

Required Supplementary Information

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
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	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Taxes:				
Current property tax	\$ 329,816	\$ 329,816	\$ 344,623	\$ 14,807
Tax collection fees	35,000	35,000	35,719	719
Trailer fees	1,100	1,100	1,029	(71)
Total Taxes	<u>365,916</u>	<u>365,916</u>	<u>381,371</u>	<u>15,455</u>
Intergovernmental Revenue:				
State shared revenue	201,000	201,000	204,406	3,406
State shared revenue - metro	12,500	12,500	7,589	(4,911)
Total Intergovernmental Revenues	<u>213,500</u>	<u>213,500</u>	<u>211,995</u>	<u>(1,505)</u>
Charges For Services				
Land division fees	1,000	1,000	900	(100)
Permits	-	-	-	-
Fire calls	7,000	7,000	5,000	(2,000)
State fire protection	1,500	1,500	6,993	5,493
Total Charges for Services	<u>9,500</u>	<u>9,500</u>	<u>12,893</u>	<u>3,393</u>
Interest and Rents				
Rental income	700	700	500	(200)
Interest income	10,700	10,700	4,953	(5,747)
Total Interest and Rents	<u>11,400</u>	<u>11,400</u>	<u>5,453</u>	<u>(5,947)</u>
Miscellaneous Revenues:				
Other	6,000	6,000	8,697	2,697
TOTAL REVENUES	<u><u>\$ 606,316</u></u>	<u><u>\$ 606,316</u></u>	<u><u>\$ 620,409</u></u>	<u><u>\$ 14,093</u></u>

See the accompanying notes.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
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	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES:				
Legislative:				
Salaries - board	\$ 8,482	\$ 8,482	\$ 8,512	\$ (30)
Salaries - clerical	19,000	19,000	19,696	(696)
Memberships & dues	2,500	2,500	3,792	(1,292)
Capital outlay	-	-	6,000	(6,000)
Blight enforcement officer	-	-	-	-
	<u>29,982</u>	<u>29,982</u>	<u>38,000</u>	<u>(8,018)</u>
Total Legislative				
General Government:				
Executive:				
Salaries - supervisor	16,638	16,638	16,638	-
Assessor-contracted services	26,075	26,075	27,977	(1,902)
Office supplies	3,900	3,900	6,935	(3,035)
Professional services	17,200	17,200	30,690	(13,490)
Travel	500	500	-	500
	<u>64,313</u>	<u>64,313</u>	<u>82,240</u>	<u>(17,927)</u>
Total Executive				
Elections:				
Office supplies	750	750	553	197
Election fees and equipment	4,000	4,000	5,370	(1,370)
	<u>4,750</u>	<u>4,750</u>	<u>5,923</u>	<u>(1,173)</u>
Total Elections				
Clerk:				
Salaries - clerk	16,638	16,638	16,638	-
Office supplies	-	-	-	-
Salaries - Deputy clerk	2,122	2,122	2,651	(529)
Equipment	100	100	-	100
	<u>18,860</u>	<u>18,860</u>	<u>19,289</u>	<u>(429)</u>
Total Clerk				

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
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	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):				
Treasurer:				
Salaries - treasurer	\$ 16,638	\$ 16,638	\$ 16,638	\$ -
Office supplies	-	-	-	-
Tax roll preparation	6,000	6,000	9,439	(3,439)
Salaries - deputy	2,122	2,122	2,877	(755)
Dues	50	50	35	15
Total Treasurer	<u>24,810</u>	<u>24,810</u>	<u>28,989</u>	<u>(4,179)</u>
Board of Review:				
Salaries	2,500	2,500	1,475	1,025
Travel	-	-	-	-
Total Board of Review	<u>2,500</u>	<u>2,500</u>	<u>1,475</u>	<u>1,025</u>
Other Expenditures:				
Employer share- FICA	17,000	17,000	7,797	9,203
Retirement	16,500	16,500	18,246	(1,746)
Life insurance	50	50	397	(347)
Hospitalization	13,000	13,000	15,915	(2,915)
Unemployment	850	850	83	767
Workers compensation	6,500	6,500	2,146	4,354
Interest Expense	-	-	-	-
Public official bond	-	-	-	-
Liability, property & auto	13,500	13,500	12,622	878
Total Other Expenditures	<u>67,400</u>	<u>67,400</u>	<u>57,206</u>	<u>10,194</u>
Total General Government	<u>182,633</u>	<u>182,633</u>	<u>195,122</u>	<u>(12,489)</u>
Public Safety:				
Fire Department:				
Contracted services	39,150	39,150	38,003	1,147
Township Police	2,850	2,850	1,202	1,648
Thumb Narcotic Unit	-	1,000	-	1,000
Total Public Safety	<u>42,000</u>	<u>43,000</u>	<u>39,205</u>	<u>3,795</u>

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
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	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):				
Public works:				
Sanitation:				
Contracted services	\$ 114,816	\$ 114,816	\$ 110,291	\$ 4,525
Street Lighting	2,500	2,500	2,254	246
Airport Authority	12,000	12,000	11,998	2
EDC	3,000	3,000	3,000	-
Metro Act Expenses	0	0	0	-
Highways and Streets	88,035	88,035	48,554	39,481
Caro Transit	-	-	-	-
Zoning Board:				
Salaries & fees	6,300	6,300	4,683	1,617
Total Zoning Board	6,300	6,300	4,683	1,617
Total Public Works	226,651	226,651	180,780	45,871
Recreation and Cultural:				
Township Hall:				
Equipment	3,500	3,500	-	3,500
Telephone	3,000	2,000	3,678	(1,678)
Printing & publishing	2,500	2,500	2,704	(204)
Repairs & supplies	1,000	1,000	2,943	(1,943)
Office supplies	3,000	3,000	3,520	(520)
Postage	4,000	4,000	5,665	(1,665)
Total Township Hall	17,000	16,000	18,510	(2,510)
Parks & Recreation:				
Salaries	12,000	12,000	13,299	(1,299)
Operating supplies	2,200	2,200	3,205	(1,005)
Equipment & land improvements	5,000	5,000	1,300	3,700
Repairs & maintenance supplies	500	500	1,089	(589)
Equipment repairs	3,500	3,500	3,000	500
Utilities	1,500	1,500	1,595	(95)
Building repairs	2,500	2,500	1,405	1,095
Vehicle repairs	500	500	-	500
Office supplies	150	150	-	150
Contracted Services	-	-	750	(750)
Telephone	750	750	988	(238)
Printing	300	300	-	300
Total Parks & Recreation	28,900	28,900	26,631	2,269

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
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	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES, (Continued):				
Total Recreation and Cultural	<u>\$ 45,900</u>	<u>\$ 44,900</u>	<u>\$ 45,141</u>	<u>\$ (241)</u>
TOTAL EXPENDITURES	<u>527,166</u>	<u>527,166</u>	<u>498,248</u>	<u>28,918</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>79,150</u>	<u>79,150</u>	<u>122,161</u>	<u>43,011</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers - in	-	-	-	-
Loan Payments	-	-	-	-
Operating transfers - out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER EXPENDITURES	<u>79,150</u>	<u>79,150</u>	<u>122,161</u>	<u>43,011</u>
FUND BALANCE - BEGINNING OF YEAR	<u>183,914</u>	<u>183,914</u>	<u>183,914</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 263,064</u></u>	<u><u>\$ 263,064</u></u>	<u><u>\$ 306,075</u></u>	<u><u>\$ 43,011</u></u>

See the accompanying notes.

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
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CEMETERY FUND
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	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Charges for Services:				
Cremation openings	\$ 1,500	\$ 1,500	\$ 4,640	\$ 3,140
Foundations	3,500	3,500	4,642	1,142
Grave openings	25,000	25,000	28,350	3,350
Lot Sales & Upkeep	<u>10,000</u>	<u>10,000</u>	<u>12,487</u>	<u>2,487</u>
Total Charges for Services	<u>40,000</u>	<u>40,000</u>	<u>50,119</u>	<u>10,119</u>
Miscellaneous Revenues:				
Interest	-	-	(1)	(1)
Sales - other	-	-	3,955	3,955
Donations Received	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Miscellaneous Revenues	<u>-</u>	<u>-</u>	<u>3,954</u>	<u>3,954</u>
TOTAL REVENUES	<u>40,000</u>	<u>40,000</u>	<u>54,073</u>	<u>14,073</u>
EXPENDITURES:				
Salaries & wages	59,000	59,000	55,200	3,800
Taxes - F.I.C.A.	5,000	5,000	4,223	777
Employee benefits	-	-	-	-
Office supplies	500	500	358	142
Operating supplies	5,000	5,000	7,597	(2,597)
Taxes - unemployment	-	-	769	(769)
Telephone	1,840	1,840	2,077	(237)
Insurance & bonds	-	-	-	-
Utilities	5,000	5,000	7,823	(2,823)
Land improvements	10,000	10,000	4,669	5,331
Miscellaneous	1,200	1,200	3,909	(2,709)
Capital outlay	2,500	2,500	6,075	(3,575)
Repairs & maintenance	8,500	8,500	3,620	4,880
Pension	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>98,540</u>	<u>98,540</u>	<u>96,320</u>	<u>2,220</u>

(Continued)

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
CEMETERY FUND
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FOR THE YEAR ENDED MARCH 31, 2008

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
(Continued)				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (58,540)</u>	<u>\$ (58,540)</u>	<u>\$ (42,247)</u>	<u>\$ 16,293</u>
OTHER FINANCING SOURCES:				
Operating transfers in:	-	-	16,162	16,162
Operating transfers (out):	<u>-</u>	<u>-</u>	<u>(25,175)</u>	<u>(25,175)</u>
TOTAL OTHER FINANCING SOURCES	-	-	(9,013)	(9,013)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>(58,540)</u>	<u>(58,540)</u>	<u>(51,260)</u>	<u>7,280</u>
FUND BALANCE - BEGINNING OF YEAR	<u>86,615</u>	<u>86,615</u>	<u>86,615</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 28,075</u>	<u>\$ 28,075</u>	<u>\$ 35,355</u>	<u>\$ 7,280</u>

See the accompanying notes.

Additional Information

TOWNSHIP OF INDIANFIELDS, TUSCOLA COUNTY
CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
March 31, 2008

	<u>BALANCE</u> <u>APRIL 1,</u> <u>2007</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>MARCH 31,</u> <u>2008</u>
<u>ASSETS:</u>				
Cash	\$ 76,044		\$ 18,955	\$ 57,089
Taxes - receivable	<u>492,125</u>	<u>\$ 3,653,660</u>	<u>3,572,347</u>	<u>573,438</u>
TOTAL ASSETS	<u>\$ 568,169</u>	<u>\$ 3,653,660</u>	<u>\$ 3,591,302</u>	<u>\$ 630,527</u>
 <u>LIABILITIES:</u>				
Amounts payable	-			-
Due to general fund	\$ 60,305	\$ 234,942	\$ 249,713	\$ 75,076
Due to library	29,308	204,767	207,109	31,648
Due to county	120,245	676,604	659,708	103,349
Due to schools	290,066	2,162,814	2,233,388	360,840
Due to sewer fund	460	10,528	10,412	344
Due to Caro Transit Authority	19,659	152,429	153,934	21,164
Due to State of Michigan	32,022	32,022	21,564	21,564
Due to Refuse Fund	<u>16,106</u>	<u>117,196</u>	<u>117,832</u>	<u>16,742</u>
TOTAL LIABILITIES	<u>\$ 568,169</u>	<u>\$ 3,591,302</u>	<u>\$ 3,653,660</u>	<u>\$ 630,527</u>

See the accompanying notes.



ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA
Jerry J. Bernhardt, CPA
Thomas B. Doran, CPA
Valerie J. Hartel, CPA
Terry L. Haske, CPA
Jamie L. Peasley, CPA
Timothy Franzel

Robert L. Tuckey, CPA

September 5, 2008

Members of the Board Township of Indianfields

In planning and performing our audit of the financial statements of the Township of Indianfields as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. During the course of the audit, we observed the following significant deficiencies:

Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Township segregate duties whenever possible.

Financial Statements

After considering the qualifications of the accounting personnel of the Township of Indianfields, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

Cash Receipts Procedures

People other than the Township Treasurer are receiving funds for the Township. These are primarily for Zoning, Park, and Cemetery functions. We recommend the pre-numbered receipts be used by everyone collecting money for the Townships. The completed receipts and the funds should be turned over to the Township no less than weekly.

Payroll Procedures

Not all timesheets were approved by a supervisor prior to payment. If this was done, it wasn't properly documented. We recommend the Township's review its payroll procedures and controls to insure proper verification and payment.

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Members of the Board
September 5, 2008
Page two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control. No such findings were discovered during the course of the audit.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described above and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

This communication is intended solely for the information and use of management and others within the governmental unit and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Township of Indianfields and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt & Doran, P.C.
Certified Public Accountants



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September 5, 2008

To the Members of the Board
Township of Indianfields

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Township of Indianfields for the year ended March 31, 2008, and have issued our report thereon dated September 5, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 19, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 28, 2008.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Indianfields are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township of Indianfields changed its accounting policies related to full accrual financial statements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 34, in 2008. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 1. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 5, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Township of Indianfields and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Anderson, Tuckey, Bernhardt & Doran, P.C.

Anderson, Tuckey, Bernhardt, & Doran, P.C.
Certified Public Accountants